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Resolution Chart

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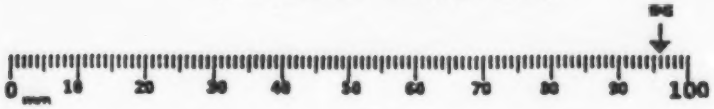

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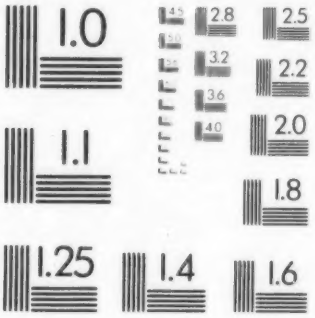

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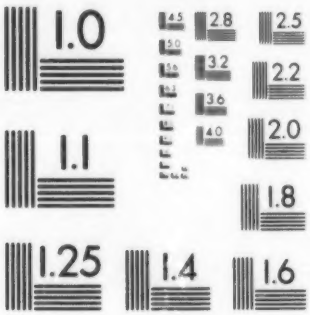

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Northern Enterprise Fund Inc.

2000 Annual Report

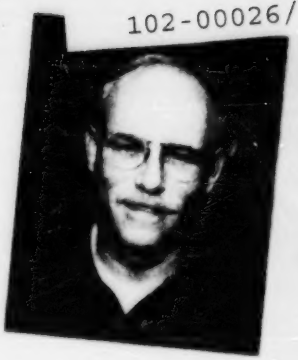
Northern Enterprise Fund Inc.

Northern Enterprise Fund Inc. was established in 1988 to provide economic and educational support to the residents of northern Saskatchewan.

Capital for the Fund was derived from electricity generated at the northern hydroelectric stations of SaskPower.

102-00026/

Executive Director's Report



Northern Enterprise Fund Inc. ("NEFI") completed its twelfth full year of operations in 2000. Once again it was a year of change and modest growth for the corporation.

Whereas 1999 was notable for the reorganization of NEFI's administrative support systems, the year 2000 will be remembered for the restructuring of its corporate governance system. Although the process was not completed until early 2001, much of the work associated with the transfer of "ownership" and control of the corporation from SaskPower to northern residents was undertaken in fiscal 2000. I am pleased to report that NEFI is now an authentic northern enterprise, which is effectively "owned" and controlled by a majority of northern membership interests and northern directors.

The first order of business of the corporation in 2001 will be to:

- refine and articulate the goals of the corporation;
- formulate a strategy for realizing these goals; and
- effectively implement the strategy.

NEFI maintained an active loans portfolio of $3.7 million in 95 northern projects during 2000, and committed a further $484 thousand to 11 projects. Over the same period, NEFI's exposure to loan guarantees declined to $15 thousand.

The corporation has no material debt and has $1.4 million of liquid cash and short-term investments to support timely investments in the northern economy. Unrestricted assets at December 31, 2000 were $7.1 million.

NEFI's revenue growth rate was 8% in fiscal 2000. This growth was primarily due to realized gains on the disposal of mutual funds, together with an increase in rental income. Total expenditures as a percentage of revenue remained stable at 87%.

On behalf of the board, I wish to thank SaskPower for the contributions it has made in support of the corporation and of northern development over the past twelve years. We acknowledge their contributions with deep appreciation.

I would also like to express our appreciation to the staff of Northern Enterprise Fund Inc. for their confidence, skill and dedication. These qualities fuel NEFI's success.

Gordon Shaw
Executive Director

Executive Director's Report

Investment Fund Directors

Roy Cheecham
Chief, Clearwater River
Dene Nation, La Loche

Elmer Campbell
Chief, Buffalo River Dene
Nation, Dillon

Lawrence McIntyre
C. E. O., Des Nedhe
Development Corp.,
Patuanak

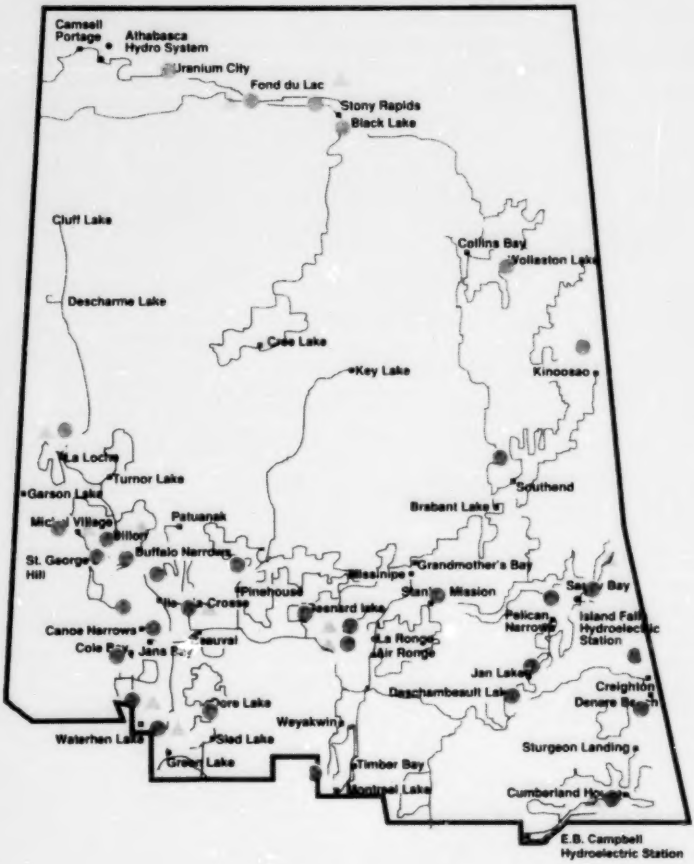
Harold (Butch)
Carriere
Businessman
Cumberland House

Joe Roberts
Self-Employed
Stanley Mission

Carol Rowlett
Project Liaison Coordinator
Office of Northern Affairs
La Ronge

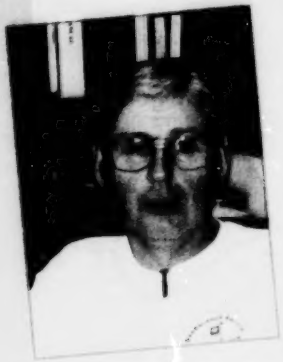
Doreen Morin
Homemaker
Sandy Bay

Northern Spirit Scholarship Committee: Joe Roberts, Lawrence McIntyre, Harold Carriere.



- Loans and loan guarantees
- Northern Spirit Scholarships
- Northern Municipality/First Nation
- SaskPower Hydroelectric Station

Northern Enterprise Fund Region



Eric Bell

Eric was born and raised in La Ronge. In 1994 he came home to run his own business after several years working as a park warden for Parks Canada in other parts of the country .

He purchased La Ronge Ambulance Care from another local businessman, and enlisted a number of partners to help him through the early years. He is now the sole owner of the company. During one of these changes, the name of the company was changed to La Ronge Emergency Medical Services (EMS).

One of his partners was Pat Campling of Transwest Air, with whom Eric still has a partnership in the air medevac business.

As owner and manager of La Ronge EMS, Eric has been a client of the Fund since 1994 through loan guarantees and syndicated loan financing. "The Fund made it easier for us to get through some of the difficult times in the infancy of the business," says Eric. "We did not have enough security to go through traditional banking sources".

The business operates four road ambulances and provides equipment and personnel for the air ambulance service. The 19 staff include four EMTAs (Advanced Emergency medical technicians), five EMTs and three Emergency Medical Responders. Half of the staff are Aboriginal, and 80% local northerners. Employees are encouraged to upgrade their qualifications.

Eric, a member of the Lac la Ronge Indian Band, has recently moved his head office onto reserve, thus saving both his company and his employees tax dollars and helping the business become more profitable. His employees are currently unionizing through the Health Sciences Association of Canada, which will give them better pay, better benefits and job security, says Eric.

Joe & Irene Durocher

Joe and Irene Durocher have been clients of NEFI since 1995, when they approached the Fund for a loan guarantee to purchase a grocery, confectionery, gas and taxi service. The business had been run by Joe's father Marius since the 1980s, serving the Canoe Narrows/Cole Bay/Jans Bay area. Four years later the debt was paid and the loan guarantee was released.

In 1998 the couple was granted a direct loan to purchase and renovate the local arcade and pool room. Two years later, when that business was up and running, they sold it to their daughter Terry Ann. She has been successfully running it ever since.

BJ's Grocery, Gas & Taxi Service employs six local people. The store sells everything from groceries to nails and bingo dabbers. "If we don't have it, you don't need it," says Joe. They sell gas 2¢ per litre cheaper than Meadow Lake, and expect to do better when a tax agreement is reached with the province. Taxi services include medical trips to points south, and transporting mine employees to and from the air pickup point.

Part of the Durochers' secret to success is keeping accounts receivable to a minimum. Joe says only about 1% of the store's income is from charged sales. But it's a small community store, Joe knows his customers, and he won't see anyone go hungry.

Joe and Irene agree the NEFI fund has been very helpful to them, particularly since it's often difficult to finance on-reserve projects. They are currently starting construction on a 3000 sq. ft. store to replace their current 900 sq. ft. facility. The new store will be energy-efficient using wood heat, and will likely provide two more jobs. "We want to compete with Meadow Lake on prices, so people don't have to leave town", says Joe.

Brenda Jackson

Creighton's Brenda Jackson is well on the way to becoming a biologist, with the help of the Northern Spirit Scholarship Fund.

A graduate of Hapnot Collegiate in Flin Flon, Manitoba, Brenda attended Creighton School until grade 9. She has just completed her third year of a four-year Arts and Science program at the University of Saskatchewan, majoring in biology. She's really excited about her classes and feels she has chosen the right field for her.

While she's not yet clear what her final career goal is, she hopes to work in Saskatchewan in the field of biology (possibly research) for a few years, and may then consider returning to school to pursue a master's degree in biology.

This year's summer job is as a commercial greenhouse attendant with Prairie Plant Systems in Saskatoon. She's thoroughly enjoying the experience, and says she's delighted to have the opportunity for such a hands-on, outdoor experience.

Brenda (and her parents!) are very appreciative of the Northern Enterprise Scholarships she has received. "Coming from the north, living expenses are that much greater, and this has been a godsend to help out with my education," she says. "I really appreciate it".

Chances are, whatever her career choice, Brenda's enthusiasm for biology, and life in general, will take her a long way.

Rebecca Daigneault

While growing up in Ile a la Crosse and La Ronge, Rebecca "Becky" Daigneault was always interested in pursuing a career in the health field where she could be a role model to young people and serve the northern people.

Because it's an area in great demand in the north, Becky chose to study speech and language pathology. To do this, she had to leave the country, attending Minot State University in North Dakota. In spring 2000 she graduated with a Bachelor of Science in Speech Language Pathology - Communication Disorders.

During her studies she developed an even greater interest in the area of special education for developmental disabilities and severe multiple handicaps, and began graduate studies, again at Minot State.

In spring 2001 she completed the classwork for a Master of Science degree in Special Education - Severe and Multiple Handicaps. She must now complete a two-month internship and pass comprehensive exams to receive her degree by December 2001. The internship will be in Denver, Colorado, at an agency which provides services to adults with disabilities where she hopes to continue working for a year or two after graduating.

She's spending her summer helping out at her family's tourist camp on Selwyn Lake in Saskatchewan's far north.

Becky would eventually like to return to northern Canada to work with mental health agencies in developing and coordinating community living, recreation and vocational programs for adults with severe multiple handicaps.

Highlights of 2000

The Investment Fund Directors considered 54 applications for financing totalling $5.1 million in 2000. Thirty-four (34) loans were approved, totalling $1.8 million, compared with 31 loans in 1999 totalling $1.4 million.

The Northern Spirit Scholarship Committee considered 88 applications for scholarship in 2000. Twenty-one (21) scholarships were awarded, totalling $52,500, compared with 22 scholarships in 1999 valued at $55,000.

NEFI maintained its syndication network in fiscal 2000 through 40 participation agreements with nine (9) other financial institutions. Over the course of 2000, thirteen (13) northern businesses leveraged long-term financing in excess of $2.5 million under these participation agreements. NEFI also continued to maintain close working relationships with Aboriginal Business Canada of Industry Canada (ABC), Clarence Campeau Development Fund (CCDF) and the Economic Development Opportunity Fund (EDOF).

NEFI made significant progress towards transferring "ownership" and control of the corporation from SaskPower to northern residents. The restructuring process was completed early in fiscal 2001.

NEFI continued implementing new systems, office technologies and procedures to increase efficiency and reliability of information, supported by staff training and development programs.

The sixth annual SPNEF Golf Classic was held at the Cooke Municipal Golf Course on June 15, 2000 with over 96 participants.

Financial highlights:

In thousands

Year Ended December 31	2000	1999
Revenue	$ 647	$ 601
Excess of revenue over expenditures	86	80
Cash and short term investments	1,431	1,184
Loans receivable	3,308	3,182
Long term investments	1,962	2,246
Total assets	7,307	7,218
Committed to loan guarantees	15	211
Unrestricted net assets	7,116	6,830

Governance

Early in fiscal 2001, the structure of the Fund's Board changed. Instead of two boards, a Corporate and an Investment Board of Directors, we now have one board which serves both functions.

The board meets monthly as an investment fund committee to review funding applications. Periodically it also convenes as a corporate board to deal with policy and housekeeping issues.

NEFI is a non-profit membership corporation with three members. The three memberships, two formerly held by Pat Hall and Gerry Millette of SaskPower and the other not issued, were reassigned as part of the restructuring. Pat Hall remains a member. Roy Cheecham and Joe Roberts were named to the other two membership positions.

> *"SaskPower has set an important example – one we would like to see other sectors following. When you get revenue sharing, when you have competent people controlling a source of funds for the betterment of northern Saskatchewan – as the Investment Fund Directors do – then its good for everyone."*
>
> *Roy Cheecham, Investment Fund Director*

Signing the corporate restructuring agreement. Back, from left: Wendy Hood, Gord Shaw, Larry Roy, Frank Quennell, Elmer Campbell, Lawrence McIntyre, Harold Carriere, Carol Rowlett. Front, from left: Doreen Morin, Pat Hall, Joe Roberts, Roy Cheecham.

NEFI is proud to acknowledge the following leading business enterprises. All of these businesses are current or former clients of the corporation. The capacity, profile and longevity of these businesses have earned their owners our greatest respect and attention.

LEADING BUSINESSES

Archie's Bus Service Ltd., Buffalo Narrows
Arn & Son Trucking, Green Lake
Belanger Communications Inc., Ile a la Crosse
Bill Roy Trucking, Green Lake
Billette & Sons Logging, Dillon
Bird's Confectionary, Southend
BJ's Grocery, Gas & Taxi Service, Canoe Narrows
Boreal Furniture, La Ronge
Bouvier & Sons Logging Ltd., Beauval
Bouvier Enterprises Ltd., Beauval
Butt & Top Logging Ltd., Beauval
Canoe Lake Forest Products Ltd., Canoe Narrows
Camp Kinisoo, La Ronge
Carriere's Camps, Cumberland House
Chartier Wood Products Ltd., Buffalo Narrows
CIPI Cable Inc., Beauval
Clearwater River Development Corporation, La Loche
Dean Herman Logging Ltd., Bear Creek
Double P Logging Ltd., Beauval
Fred Fiddler Trucking, Waterhen Lake
Green Lake Metis Wood Products Ltd., Green Lake
Green Lake Radio & Television Broadcasting Society Inc, Green Lake
Hatchet Lake Development Corporation, Wollaston Lake
Ile a la Crosse Airways Ltd., Ile a la Crosse
Island View Enterprises Ltd., Sandy Bay
JC Pesos Cotton Casuals Clothing, La Loche
Kathy's Korner, La Ronge
Kingfisher Bay Motel, Buffalo Narrows
L.A. Transit Inc., La Ronge
La Loche Airways Ltd., La Loche
La Loche Corner Pocket Enterprises, La Loche
La Loche Fuel Bar Inc., La Loche
La Ronge Aviation Services Ltd., La Ronge
La Ronge Eagle Point Resort Ltd., La Ronge

La Ronge Emergency Medical Services, La Ronge
La Ronge Plumbing & Heating, La Ronge
Lafleur Outdoor Adventures, Beaupre Lake
Lakeside Café, Southend
Lee's Construction Ltd., La Ronge
M. Kyplain Trucking, Ile a la Crosse
Marscott Marketing & Consulting Ltd., La Ronge
Methy Construction & Maintenance Corporation, La Loche
Missinipi Broadcasting Corporation, La Ronge
Montreal Lake Band Enterprises Ltd., Montreal Lake
Northway Enterprises Inc., Ile a la Crosse
Northwoods Construction Ltd., Beauval
Paul Couillonneur Logging, Cole Bay
Pines Motel Inc., La Loche
R & E Contracting Wood Products, Dillon
Randhile Trucking, Fond du Lac
Rediron Trucking, Green Lake
Reindeer Lake Convenience Store, Southend
Rising Phoenix Grocery & Gas, Pelican Narrows
Ross Sawmill, Pinehouse
Sakitawak Development Corporation, Ile a la Crosse
Scrimshaw Artworks Inc., La Ronge
Selwyn Lake Lodge Inc., La Ronge
Sisip (Duck) Outfitting Camp, Cumberland House
Snake Lake Construction Ltd., Pinehouse
TL Logging, Beauval
To Tcho Enterprises Ltd., La Ronge
TRI-HEX Canada Ltd., La Ronge
V.V. Corrigal Northern General Contracting, Jans Bay
W & W Construction Ltd., Canoe Narrows
Welcome Bay Sales & Service, Wollaston Lake
Wildrose Trucking, Waterhen Lake

In addition to our leading business clients, NEFI is pleased to recognize the following promising business enterprises. These businesses represent our hope for the future.

PROMISING BUSINESSES:

A & A Logging Ltd., Green Lake
Beauval Marine & Small Engine Repair, Beauval
Bill Pedersen Trucking, Buffalo Narrows
B. Morin & Sons Trucking, Buffalo Narrows
Breach of Trust Inc., La Ronge
Brian's Logging, La Loche
Catarat & Sons Contracting, Dillon

Chartell Logging, Waterhen Lake
Clark's Northern Outfitters, La Loche
Clearwater Electrical, La Loche
Corrigal's Logging 2000, Jans Bay
Cousin's Reforestation Ltd., Cole Bay
Cree Lake Resort, Patuanak
Cumberland House Development Corporation, Cumberland House
Eagle Wing Bison Ranch, Buffalo Narrows
Fidd's Construction, Waterhen Lake
G.A. Billette Road Maintenance, Dillon
G. Desjarlais Trucking, Ile a la Crosse
George Fiddler Contracting, Cumberland House
Herb's Landscaping & Gravel, La Ronge
Jagg Enterprises Inc., Stony Rapids
Jason's Tire & Auto Repair Ltd., Creighton
Just the Boyz, Beauval
Kevin Hanson Trucking, Buffalo Narrows
Kiezie Trucking, Buffalo Narrows
L & R Billette Logging, Dillon
La Loche Wood Products Ltd., La Loche
Leonard Dorion Road Services, Pelican Narrows
M.A. Billette's Taxi, Dillon
McKay's Gas Bar & Motel, Cumberland House
McLeod Maintenance, Stanley Mission
Meechewin Store, La Ronge
Merv's Bus Lines, Beauval
Misti Wasahak Wilderness Lodge, Cumberland House
Mistik Lodge, Cumberland House
Northern Field & Stream Outfitters Inc., Green Lake
Northern Upholstery, Air Ronge
Paddy's Construction, La Loche
Pearson Enterprises, Pelican Narrows
Pine Island Logging, Cumberland House
Pines Management, La Loche
Ray's Pool Hall & Arcade, Cumberland House
Shagwenaw Development Corporation, Patuanak
Steve Caisse Trucking, Green Lake
Tad's Arcade, Canoe Narrows
Terry Pearson Services, Pelican Narrows
Tiger Trucking, La Loche
Triple D Enterprises, Pelican Narrows
Top Dog Trucking, Green Lake
Wahwahteh Outfitters, Cumberland House
William Dussion Contracting, Cumberland House

Scholarship Recipients

We are pleased to acknowledge the following northern students who have received Northern Spirit scholarships over the past decade (1990 – 2000). Most of these accomplished northerners have graduated while some are still pursuing their education with distinction. We are extremely proud of our association with these distinguished individuals.

Abbey, Candice - Beauval; **Harvey (MacDonald), Bertha** - Stony Rapids; **Alexander, Stephanie** - Creighton; **Jackson, Brenda** - Creighton; **Arnault, Rita** - Green Lake; **Janvier, Jack Jr.** - La Loche; **Ballentyne, Stacey** - Sandy Bay; **Jefferies, Tammy** - Air Ronge; **Bean, Jennifer** - La Ronge; **Jones, Christine** -La Ronge; **Beatty, Marilyn** - Pinehouse; **Kadachuk, Edith** - Cumberland House; **Bighetty, Wanda** - Sandy Bay; **Layton (Polishuk), Alicia** - La Ronge; **Bird, Donald** - La Ronge; **Leitao, Darren** - La Ronge; **Bouvier, Chrystal** - Green Lake; **Maurice, Rheda** - Patuanak; **Burnouf (Laliberte), Glenda** - Beauval; **McCallum, Leona** -Buffalo Narrows; **Byl, Leanne** - La Ronge; **McKay, Clark** - La Ronge; **Caisse, Perry** - Ile a la Crosse; **McKay, Nordica** - Cumberland House; **Chanalquay, Laurette** - Dillon; **McLeod, Sallie** - Stanley Mission; **Charles, Ann** - La Ronge; **Mercredi, Erna** - Fond du Lac; **Charles, Clifford** - Air Ronge; **Misponas, Rhonda** - Patuanak; **Cheecham, Dawn** - La Loche; **Munro, Rebecca** - Creighton; **Cheechoo, Robert**- Cumberland House; **Natomagan, Vince** - Pinehouse; **Cook, Laurie** - Southend; **Paul, Charlene** - La Ronge; **Corrigal (Durocher), Leda** - Beauval; **Plunz, Mike** - Air Ronge; **Couillonneur, Camellia** - Cole Bay; **Reigert, Cindy** - Buffalo Narrows; **Craig, Heather** - La Ronge; **Roberts, Russell** - La Ronge; **Daigneault, James** - Ile a la Crosse; **Robinson, Heather** - La Ronge; **Daigneault, Rebecca** - La Ronge; **Ryhorchuk, Vince** - La Ronge; **Deschambeault (Azure), Celia** - Cumberland House; **Sinclair, Karla** - Green Lake; **Durocher, Dora** - Beauval; **Stroh, Patricia** - Air Ronge; **Dwernichuk, Tricia** - Creighton; **Thurstan, Shawna** - Creighton; **Fieber, Hillary** - Creighton; **Thurstan, Trevor** - Creighton; **Gardiner, Darren** - Ile a la Crosse; **Tootoosis, Jacob** - Canoe Lake; **Gardiner-Roy, Antoinette** - Beauval; **Tymchak, Mark** - La Ronge; **Gladue, Sylvia** - Canoe Lake; **Wolkosky, Dyana** - La Ronge; **Gracie, Kenneth** - La Ronge; **Zlipko, Michael** - Air Ronge.

Management's Responsibility for Financial Statements

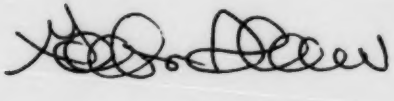
The accompanying financial statements of Northern Enterprise Fund Inc. have been prepared by management in accordance with generally accepted accounting principles, and necessarily include some amounts based on informed judgement and management estimates. Financial data presented elsewhere in this annual report is consistent with that in the financial statements.

The corporation's independent auditors, Downie Johnson Svenkeson, have examined the financial statements of the Corporation. The scope of their examination, and their opinion on whether these financial statements present fairly the Corporation's financial position and operating results, are given in the Auditors' Report.

Ensuring the integrity and objectivity of financial information is an integral part of management's responsibility to the ongoing operation. Management maintains an appropriate system of internal accounting controls, policies and procedures to provide reasonable assurance that all financial transactions are recorded on a timely basis with proper approvals, and result in reliable financial statements.

The Board of Directors ensures that management fulfills its responsibility for financial reporting and internal control. The Board of Directors, at regular meetings, reviews audit, internal control and financial reporting matters with management and external auditors. The Board of Directors has reviewed and approved these financial statements.

On behalf of management



Gordon Shaw
Executive Director

Auditors' Report

To the Members of Northern Enterprise Fund Inc.

We have audited the statement of financial position of **Northern Enterprise Fund Inc.** as at December 31, 2000 and the statements of operations and net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Bowne Johnson Anderson

Meadow Lake, Saskatchewan
February 23, 2001

Chartered Accountants

Statement of Financial Position

December 31, 2000

Assets

	2000	1999
Current		
Cash	$ 320,137	$ 152,820
Short-term investments (Note 3)	1,110,870	1,030,873
Accounts receivable (Note 4)	310,984	223,693
Assets held for realization	153,558	236,990
Prepaid expenses	2,816	2,904
Current portion of loans receivable (Note 5)	1,125,270	1,295,457
	3,023,635	2,942,737
Loans receivable (Note 5)	2,182,822	1,886,288
Long-term investments (Note 6)	1,961,931	2,246,443
Capital		
Land, buildings, equipment & vehicle (Note 7)	139,047	142,893
	$ 7,307,435	$ 7,218,361

Liabilities

Current		
Accounts payable and accrued liabilities	$ 36,904	$ 23,734
Provision for loan guarantees (Note 8)		10,532
	36,904	34,266

Net Assets

Held in trust for members	100	100
Committed to loan guarantees (Note 8)	15,000	210,631
Invested in capital assets	139,047	142,893
Unrestricted	7,116,384	6,830,471
	7,270,531	7,184,095
	$ 7,307,435	$ 7,218,361

Statement of Operations & Net Assets

for the year ended December 31, 2000

	2000	1999
Revenue		
Interest from loans	$ 351,780	$ 358,555
Investment income	243,971	212,374
Other income	20,367	16,396
Rental income	30,650	13,410
	646,768	600,735
Expenditures		
Advertising & promotion	16,170	23,163
Amortization	14,246	14,591
Application research	4,021	3,497
Directors expenses	59,675	62,563
Education and training	18,549	5,575
Insurance	3,433	1,588
Office supplies and postage	14,538	10,669
Professional fees	28,336	24,330
Property taxes	3,192	1,847
Repairs and maintenance	5,550	2,757
Salaries and benefits	149,710	123,802
Scholarships	46,250	52,500
Telephone	10,245	10,428
Travel and entertainment	18,898	19,081
Utilities	7,561	6,623
	400,374	363,014
	246,394	237,721
Other income (expenditures)		
Defaulted loans	(3,253)	(293,755)
Payments on defaulted loan guarantees	(103,114)	(32,949)
Provision for loan and loan guarantee losses	(85,926)	(91,423)
Recoveries on loans and guarantees	32,335	260,474
	(159,958)	(157,653)
Excess of revenue over expenditures	86,436	80,068
Net assets at beginning of year	7,184,095	7,104,027
Net assets at end of year	$7,270,531	$7,184,095

Statement of Operations & Net Assets

Statement of Cash Flows

for the year ended December 31, 2000

	2000	1999
Cash flows from operating activities		
Interest and other investment income	$ 512,435	$ 481,903
Cash receipts from customers	43,885	30,368
Cash paid to suppliers and employees	(372,870)	(345,376)
	183,450	166,895
Cash flows from investment activities		
Advances on loans receivable	(1,740,056)	(938,907)
Repayment of loans receivable	1,517,123	818,133
Decrease (increase) in long term investment	284,512	(546,460)
Increase (decrease) in short-term investments	(79,997)	648,873
Recoveries on loans and guarantees	115,767	23,484
Payments on defaulted loan guarantees	(103,114)	(32,949)
Purchase of capital assets	(14,086)	(31,250)
Proceeds from disposal of capital assets	3,718	
	(16,133)	(59,076)
Net increase in cash and cash equivalents	167,317	107,819
Cash and cash equivalents at beginning of year	152,820	45,001
Cash and cash equivalents at end of year	$ 320,137	$ 152,820

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with financial institutions. Cash and cash equivalents included in the cash flow statement comprised the following balance sheet amount:

Cash	$ 320,137	$ 152,820

Notes to Financial Statements

December 31, 2000

1. Purpose

The Northern Enterprise Fund Inc. was incorporated in 1988 under The Business Corporations Act (Saskatchewan) for the purpose of establishing and managing the SaskPower Northern Enterprise Fund (the "Fund"). On November 1, 1990, Northern Enterprise Fund Inc. was continued as a non-profit membership corporation under The Non-Profit Corporations Act (Saskatchewan). The objectives of the Fund are to stimulate economic growth in northern Saskatchewan, to encourage economic independence and to provide educational opportunities for residents of northern Saskatchewan. The Fund derived royalty revenue from an agreement with Saskatchewan Power Corporation under which funding expired June 30, 1998.

Northern residents apply for financial assistance from the Fund for business ventures through loans or loan guarantees. Part of the Fund is also used for scholarships for northern residents attending technical schools or universities. Applications from northern residents for assistance or scholarships are reviewed by a board made up of a broadly based group of northern residents called the Investment Fund Directors. The Investment Fund Directors approve the applications and generally make all decisions with respect to the disposition of the Fund assets.

In the event of the liquidation, winding up or dissolution of Northern Enterprise Fund Inc., any residual property remaining in the Fund is to be distributed to the bodies described in subsection 199(5) of The Non-Profit Corporations Act at the absolute discretion of the Investment Fund Directors.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles. Outlined below are those policies the company considered particularly significant.

Notes to Financial Statements

a) Loans receivable

The Fund's lending activity is centered in northern Saskatchewan. The Fund maintains a diversified portfolio with no significant industry concentrations of credit risk. Loans receivable are extended under the Fund's normal credit standards, controls, and monitoring features. Most credit commitments are short term in nature, and maturities generally do not exceed five years. Credit terms typically provide for fixed rates of interest and are generally not set for more than three to five years. The Fund evaluates each borrower's creditworthiness on a case-by-case basis. The amount of collateral obtained, if deemed necessary, by the Fund upon extension of credit is based on management's credit evaluation of the borrower. Collateral held varies but may include such assets as marketable securities and cash equivalent assets, accounts receivable, inventory, capital assets, income producing commercial properties, other forms of personal property and real estate.

A loan receivable is classified as non-performing when management has determined that there is a reasonable doubt as to the ultimate collectibility of principal or interest. The provision is established on a loan-by-loan basis for specifically identified probable losses on loans receivable.

Financial instruments which potentially subject the Fund to concentrations of credit risk consist principally of loans receivable, securities, and loan guarantees. Management is not aware of any concentrations of loans to classes of borrowers or industries that would be similarly affected by economic conditions. Although the Fund's loan portfolio is diversified, a substantial portion of its borrowers' ability to honor the terms of their loans is dependent on business and economic conditions in northern Saskatchewan and surrounding areas.

b) Short-term and long-term investments

Short-term and long-term investments are recorded at the lower of cost or market value. Long-term investments are only written down when a decline in value is other than temporary.

c) Assets held for realization

Assets acquired through foreclosure proceedings in respect of loans are included in assets held for realization at the lower of the carrying value of the loan at the date of acquisition or the estimated net proceeds from the sale of the assets.

d) Capital assets and amortization

Capital assets are recorded at cost. Normal repair and maintenance costs are expensed as incurred. Amortization is recorded in the accounts on the diminishing balance basis as follows:

Buildings	5%
Furniture and equipment	20%
Computer equipment	33%
Vehicle	25%

e) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. These estimates are reviewed periodically, and as adjustments become necessary, they are reported in earnings in the period in which they became known.

3. Short-term investments

The market value of the short-term investments was $1,112,275 as at December 31, 2000 ($1,120,051 at December 31, 1999).

4. Accounts receivable

	2000	1999
Interest receivable - investments	$ 156,628	$ 121,970
- loans	150,132	104,934
Other receivables	7,578	478
	314,338	227,382
Less: provision for doubtful accounts	(3,354)	(3,689)
	$ 310,984	$ 223,693

5. Loans receivable

Outstanding loans to entrepreneurs are interest bearing with fixed rates varying from 8.50% to 11% with monthly blended principal and interest repayments amortized for terms between 12 and 120 months. Security is taken on these loans as appropriate to the situation and includes personal guarantees, general security agreements covering business assets and mortgages on land and buildings.

Loans receivable consist of the following:

	2000	1999
Loans receivable - performing	$ 2,279,994	$ 1,737,989
Loans receivable - non-performing	1,400,698	1,726,346
	3,680,692	3,464,335
Less: provision for doubtful loans	(372,600)	(282,590)
	3,308,092	3,181,745
Less: current portion	(1,125,270)	(1,295,457)
	$ 2,182,822	$ 1,886,288

The maturity dates and average effective interest rates for the loan portfolio are as follows:

Maturity Dates

	2001	2002	2003	2004	2005	Thereafter
Effective rate	9.84%	9.96%	9.88%	9.67%	9.86%	8.89%
Loans receivable	$506,057	$333,456	$651,365	$933,283	$419,161	$837,370

	2000 Total	1999 Total
Effective rate	9.68%	9.79%
Loans receivable	$3,680,692	$3,464,335

6. Long-term investments

The market value of long-term investments approximates the book value at December 31, 2000 and 1999. Included in long-term investments is $115,000 ($500,000 at December 31, 1999) in Province of Saskatchewan bonds and debentures.

The maturity dates and average effective interest rates for long-term investments are as follows:

Maturity Dates

	2002	2003	2004	2005	2006	Thereafter
Effective rate	6.03%	6.88%	4.88%	5.30%		5.95%
Carrying value	$668,669	$89,617	$163,341	$450,000		$590,304

	2000 Total	1999 Total
Effective rate	5.81%	5.62%
Carrying value	$1,961,931	$2,246,443

7. Capital assets

	2000			1999
	Cost	Accumulated Amortization	Net	Net
Land	$ 16,484		$ 16,484	$ 13,878
Buildings	123,427	29,347	94,080	94,670
Furniture and equipment	27,476	17,124	10,352	10,996
Computer equipment	26,813	14,445	12,368	15,665
Vehicle	15,012	9,249	5,763	7,684
	$ 209,212	$ 70,165	$ 139,047	$ 142,893

8. Loan guarantees

The company is contingently liable under guarantees of bank indebtedness for various third parties that total $15,000 at December 31, 2000 ($210,631 at December 31, 1999). For the current year, no allowance for defaulted loan guarantees has been provided by the company in the financial statements. The amount was $10,532 at December 31, 1999.

The current outstanding loan guarantee matures in 2002. The company maintains net assets committed to loan guarantees that is equal to the total amount of loan guarantees outstanding.

9. Commitments

The company is committed to providing direct loans for $484,001 in fiscal 2001 and scholarships totaling $21,250 relating to scholarships awarded in the current year for the 2001/02 school year.

10. Related party transactions

At December 31, 2000, direct loans of $72,984 were outstanding to a business controlled by the spouse of an Investment Fund director. The Northern Enterprise Fund Inc.'s conflict of interest policies and procedures were followed in approving the loan.

11. Comparative figures

Certain of the comparative figures have been reclassified to conform to the current year's financial statement presentation.

The comparative figures were audited by another chartered accountancy firm.

Notes to Financial Statements

"SaskPower felt that it had a responsibility to make a financial commitment that would enable northerners to have a hand in developing the economic potential of the north. We use the renewable water resources of the region's major rivers to generate electricity for our customers. There is an obligation on any company doing business in the north to be good corporate citizens. We also believe that an investment in northern Saskatchewan is an investment for all of Saskatchewan."

Larry D. Kram, former General Counsel for SaskPower and President of Northern Enterprise Fund Inc. 1992-1999. September, 1993

Organization

Corporate Board of Directors

Pat Hall, Chairperson
Gerry Millette, Director
Doreen Morin, Director

Corporate Secretary

F.G. Quennell, B.A., LL.B.

Auditors

Downie Johnson Svenkeson
Chartered Accountants

Solicitors

Robertson Stromberg
Francis Legal Services

Financial Services

Prince Albert Credit Union Ltd.
National Bank Financial
Merrill Lynch Inc.
CIBC Wood Gundy Securities Inc.

Investment Fund Directors

Elmer Campbell, Dillon
Harold Carriere, Cumberland House
Roy Cheecham, La Loche
Lawrence McIntyre, Patuanak
Doreen Morin, Sandy Bay
Joe Roberts, Stanley Mission
Carol Rowlett, La Ronge

Management & Staff

Gordon Shaw, Executive Director
Larry Roy, Loans Administrator
Wendy Hood, Office Administrator
Darrel Burnouf, Administrative Assistant

Insurance Services

Aon Reed Stenhouse Inc.
Meadow North Agencies Ltd.

Communications

Aurora Communications Ltd.

Northern Enterprise Fund Inc.

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Telephone: (306) 288-2258
Toll Free: 1-800-864-3022
Facsimile: (206) 288-4667
E-mail: northern.enterprise.fund@sk.sympatico.ca

Beauval Network Centre

Northern Enterprise Fund Inc.
Beaver River Community Futures Development Corporation
Office of Northern Affairs/Northern Development Fund
SaskNative Economic Development Corporation
Beauval Co-Management Board Inc.
Northern Saskatchewan Tourism Region
Northlands College

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